

**Statement of
Rep. Henry A. Waxman
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Last year, the Bush Administration made a decision which will cost Californians dearly.

Faced with over 10,000 MTBE contaminated sites in California, Governor Davis decided in 1999 to phase out the use of this terribly polluting fuel additive. To facilitate the phase out, the state of California requested a waiver of the federal oxygenate requirement for reformulated gasoline.

This waiver would have allowed the state to maintain the cleanest fuel standards in the country while shielding California consumers from gasoline price shocks. Without the waiver, California's air quality and economy would suffer as massive amounts of ethanol were needlessly imported to comply with the oxygenate requirement.

EPA's technical staff examined the facts and found that a waiver was warranted.

Unfortunately, the White House reversed EPA's decision after meeting with special interests. As a result of the Bush Administration's decision, the Governor has had to delay the ban on MTBE to avoid dramatic price increases at the pump. This means California groundwater will continue to face the threat of contamination. And California consumers and refiners will continue to face massive uncertainties.

The President's decision is truly remarkable, because it appears to be bad for consumers, bad for the environment, and bad for California's refining industry.

So who benefits from this bad decision?

It has been widely reported that the ethanol industry lobbied against the California waiver. The ethanol industry believed this would give the industry a new, guaranteed market in California.

Other special interests may also have played a role in the Administration's decision. Lobbying disclosure documents and press reports provide evidence that companies involved in the MTBE industry -- such as Enron -- also lobbied against the California waiver. Enron and other MTBE companies took the cynical approach that without the California waiver, California would have to delay their MTBE ban. Sadly, they have turned out to be right.

To better understand the extent to which Enron or other companies in the MTBE industry influenced this decision, I am writing today to Vice President Cheney, the Department of Energy, the U.S. EPA, and OMB Director Mitch Daniels. I ask that these letters be made part of the record.

I expect considerable discussion today regarding legislation in the Senate designed to ban

MTBE and replace it with a renewable fuels standard. I am interested in hearing the views of the witnesses on this legislation. We should be taking a thoughtful approach to this legislation to ensure that we don't create new problems in trying to solve existing ones.

Ultimately, decisions about our fuel supply need to be made based on the best science. Our goals are clear: minimize air pollution, reduce dependence on foreign oil, and keep costs down. Good science can help us achieve these goals.

I look forward to today's hearing. I hope the testimony will help shed light on these important issues.